

Message Text

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70

ACTION EUR-25

INFO OCT-01 EA-11 NEA-14 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 FEA-02 DRC-01 /222 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7559

INFO AMEMBASSY BONN

AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY ROME

AMEMBASSY TOKYO

AMCONSUL HONK KONG

USMISSION GENEVA

LIMITED OFFICIAL USE EC BRUSSELS 7666

E.O. 11652: NA

TAGS: ETRD, GATT

SUBJECT: EC TEXTILE NEGOTIATIONS

REF: GENEVA 6067

1. SUMMARY: THE EC COMMISSION HOPES TO OBTAIN A
MANDATE FROM THE EC COUNCIL SOON ENOUGH TO PERMIT
TEXTILE NEGOTIATIONS TO BEGIN BEFORE CHRISTMAS. ITS
CHANCES OF DOING SO DEPEND HEAVILY ON GETTING PRE-
LIMINARY AGREEMENT TO ITS PROPOSALS AT A MEETING OF
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THE COMMITTEE OF PERMANENT REPRE-

SENTATIVES (COREPER) FRIDAY, OCT 4. END SUMMARY.

2. WE HAVE DISCUSSED THE COMMUNITY'S PROBLEM IN GETTING ITS TEXTILE NEGOTIATIONS STARTED WITH A COMMISSION OFFICIAL AND A PERMDEL SOURCE. THIS REPORT IS BASED ON THEIR ESSENTIALLY CORRABORATIVE STATEMENTS.

3. THE COMMISSION ON MARCH 31 ASKED THE COUNCIL FOR A MANDATE TO NEGOTIATE WITH FIVE LEADING TEXTILE EXPORTERS. SINCE THEN IT HAS BEEN FLESHING OUT ITS IDEAS REGARDING THE AGREEMENTS TO BE NEGOTIATED WITH THESE COUNTRIES, BEGINNING WITH INDIA AND PAKISTAN. IT HAS ALSO BEEN WORKING ON AN OVERALL PROGRAM REGARDING EC TEXTILE IMPORTS. THE CORE OF THE COMMISSION'S PROBLEM, BOTH OUR SOURCES AGREED, IS TO GET THE AGREEMENT OF COUNTRIES WHICH UP TO NOW HAVE IMPORTED VERY SMALL QUANTITIES OF TEXTILES FROM ASIAN SOURCES, SUCH AS ITALY, TO ACCEPT A GREATER SHARE OF THE TOTAL VOLUME OF EC TEXTILE IMPORTS. THIS TOTAL VOLUME WILL ITSELF BE INCREASING. THE COMMISSION PROPOSALS, ARRIVED AT BY APPARENTLY COMPLEX MATHEMATICAL MODELS, THEREFORE MEAN THAT COUNTRIES, LIKE THE UK AND GERMANY, WHICH HAVE UP TO NOW BEEN RELATIVELY LIBERAL, WILL HAVE TO AGREE TO MODERATELY INCREASING IMPORTS, WHILE THOSE AT THE OTHER END OF THE RANGE, ESPECIALLY ITALY, FACE THE PROSPECT OF POTENTIALLY SHARP INCREASES, IN RELATIVE TERMS.

3. THE COMMISSION'S PROPOSALS HAVE UP TO NOW HAD HARD SLEDDING. THEY HAVE BEEN CONSIDERED AT ONE COREPER MEETING, AND SENT BACK FOR RECONSIDERATIONS, POSSIBLY LARGELY DUE TO THEIR COMPLICATION. WORSENING CONDITIONS IN THE TEXTILE INDUSTRY IN SEVERAL MEMBER STATES HAVE ADDED TO THE PROBLEM.

4. THE COMMISSION YESTERDAY CONSULTED REPRESENTATIVES OF THE COMMUNITY TEXTILE INDUSTRY. ON FRIDAY, OCT 4, IT WILL BE GOING BACK TO THE COREPER (WHICH WILL BE MEETING AT THE LEVEL OF DEPUTIES). BOTH LIMITED OFFICIAL USE

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OUR SOURCES THINK THAT THIS TIME THERE IS A FAIR CHANCE OF COREPER AGREEING IN PRINCIPLE TO THESE PROPOSALS.

5. ITALY IS THE COUNTRY MOST RELUCTANT TO GO ALONG WITH THE COMMISSION; NOT ONLY DOES IT FACE THE PROSPECT OF LARGE IMPORTS, BUT ALSO ITS INDUSTRY IS CURRENTLY SOMEWHAT DEPRESSED. GERMANY, DESPITE

THE RECENT FAILURE OF SOME TEXTILE FIRMS,
HAS STUCK TO A "LIBERAL" (PRO-COMMISSION
PROPOSALS) LINE. THE UK, WHILE GENERALLY AD-
VOCATING A LIBERAL LINE, HAS FOUND IT DIFFICULT TO
SWALLOW THE IDEA OF ANY INCREASE IN ITS ALREADY
LARGE TEXTILE IMPORTS FROM INDIA AND PAKISTAN.
OUR COMMISSION SOURCE DESCRIBED THE FRENCH POSITION
AS AN INTERMEDIATE ONE. FRANCE IS PROTECTIVE OF
ITS OWN INTERESTS BUT NOT NECESSARILY OPPOSED TO
THE COMMISSION PROPOSALS.

6. EVEN IF THE COREPER GOES ALONG WITH THE COM-
MISSION ON FRIDAY, COUNCIL APPROVAL MUST STILL BE
SOUGHT, AND THE EARLIEST THAT THIS CAN BE OBTAINED
IS NOVEMBER. THEREFORE, ON THE MOST OPTIMISTIC
CALENDAR, NEGOTIATIONS WILL ONLY BEGIN AT THE VERY
END OF THIS YEAR. IF THERE ARE FURTHER DELAYS IN
OBTAINING A MANDATE, THERE WILL OBVIOUSLY BE DIF-
FICULTY IN CONCLUDING NEGOTIATIONS BY MARCH 31,
1975, THE DATE REGARDED AS DEADLINE BY THE
COMMUNITY.GREENWALD

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